

Abcdefg

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Thomas.Schlup@snb.ch

Comments on 1993 SNA Updating Issues

The Swiss National Bank welcomes the objective of the update of SNB 1993 for a better reflection of economic reality in national accounts. As a country with a large financial industry, we especially support the proposals of the Advisory Expert Group to bring the measurement of the production of financial services into line with the current development of the financial industry.

Item 5 Non-life insurance services

General principle

We endorse the proposed general principle that production of insurance services does not occur when the risk occurs which is the basis for calculation insurance services in the SNA 1993 and in the BPM5. Our experience shows that the current method leads to large swings in insurance output in case of major casualties and distorts service trade in the BOP and GDP figures. We are also of the opinion that the same principle should be applied for the calculation of insurance services of casualty insurance companies as well as of insurance services of reinsurance companies.

Formulas to calculate insurance services

We also support the recommendation of two alternative formulas depending on the data available which both take into account premiums earned and claims due. At the present stage, we favour the ex-post formula based on accounting results rather than the formula on expected premiums and expected claims due to data sources available.

Regarding commissions, bonuses and rebates we are of the opinion that these elements should be deducted from premiums earned by calculating the net premiums earned.

Balancing item

In order to bring actual payments in line with actual receipts an adjustment item has to be introduced in the National Accounts and the BOP. We would favour the use of the current transfer account under normal circumstances. In extraordinary circumstances, i.e. in cases of catastrophes and large casualties the capital account would be more appropriate to mirror the wealth effect of large damages.